

## Message Text

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ORIGIN EB-03

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DRAFTED BY: EB:NLPAZDRAL

APPROVED BY: EB-JLKATZ ACTG

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS IMMEDIATE

AMEMBASSY BONN IMMEDIATE

UNCLAS STATE 255693

FOR ASSISTANT SEC ENDERS

FOLLOWING REPEAT KUWAIT 4925 ACTION SECSTATE DTD 17 NOV

QTE

UNCLAS KUWAIT 4925

DEPARTMENT PASS TREASURY AND EXIMBANK

DEPARTMENT ALSO PASS ALL ARAB CAPITALS

E.O. 11652: N/A

TAGS: EAID, XF

SUBJ: ARAB FUND TO INCREASE ACTIVITIES

1. DURING VISIT EXIMBANK CHAIRMAN CASEY WITH ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD) DIRECTOR SAEB JAROUDI RECENTLY, WE LEARNED OF GENERAL INCREASE IN PACE OF ACTIVITIES LIKELY TO TAKE PLACE BY FUND OVER NEXT FEW MONTHS. SAUDI ARABIA, AFTER NOTEWORTHY DELAY, HAS NOW JOINED FUND AS HAS OMAN, SO THAT ALL TWENTY ARAB LEAGUE MEMBERS HAVE CONTRIBUTED TO KD 100 MILLION (KD 1 - \$3.38) CAPITALIZATION OF ORGANIZATION. KUWAIT, WHICH HAS PAID IN ABOUT KD 30 MILLION, REMAINS LARGEST SINGLE CONTRIBUTOR.

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2. OVER PAST YEAR AFESD HAS MADE INITIAL LOANS TO SEVERAL ARAB COUNTRIES. THREE MORE LOANS ARE EXPECTED TO BE ANNOUNCED IN NEXT FEW WEEKS AND ANOTHER THREE DURING EARLY 1975. IN ADDITION AFESD IS PREPARING SECTORAL ANALYSES OF ARAB ROADS AND TELECOMMUNICATIONS AND SUDAN AGRICULTURE. LAST LIKELY TO BE COMPLETED SOON, AND ONCE IT IS JAROUDI HOPES TO CALL A PLEDGING SESSION OF ARAB STATES. JAROUDI ALSO DESCRIBED PLANS FOR PRIVATE (ARAB) INVESTMENT SERVICES CENTER TO BE ESTABLISHED AT AFESD HEADQUARTERS IN KUWAIT. ALTHOUGH HE DID NOT DESCRIBE IN DETAIL ACTUAL OPERATIONS ENVISAGED, HE SAID CENTER'S PURPOSE WOULD BE TO FACILITATE INTER-ARAB PRIVATE INVESTMENT.

3. IN ADDITION TO PURELY AFESD PROGRAMS, ARAB FUND PRESENTLY ACTING ON BEHALF OAPEC IN IMPLEMENTING LATTER AGENCY'S SOFT LOAN PROGRAM. SO FAR SIX LOANS HAVE BEEN GRANTED AS FOLLOWS: MAURITANIA \$4.7 MILLION; SUDAN \$37.3 MILLION; SOMALIA \$7.3 MILLION; NORTH YEMEN \$11 MILLION; SOUTH YEMEN 11.3 MILLION; AND MOROCCO \$8.2 MILLION. LOANS ARE INTEREST FREE.

4. COMMENT: ARAB FUND SEEMS AT LAST OVER LONG PERIOD DURING WHICH IT WAS ORGANIZING ITSELF AND MAKING INITIAL STUDIES. HEADQUARTERS STAFF IS EXPANDING AND GAINING EXPERIENCE. WE ANTICIPATE THAT CAPITALIZATION WILL BE INCREASED DURING 1975 AND THAT FUND WILL BECOME INCREASINGLY SIGNIFICANT MEMBER OF INTERNATIONAL DEVELOPMENT AID COMMUNITY. STOLTZFUS UNQTE INGERSOLL

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